ALLOCATION OF TIME FOR DISPOSAL OF GOVERNMENT BUSINESS

THE VICE-CHAIRMAN (SHRI G. SWAMINATHAN): I have to inform Members that the Business Advisory Committee at its meeting hold today, the 23rd April, 1987, allotted time for Business as follows:

Business	Time Allowed
1. Discussion on the working of the Ministry of External Affairs.	Discussion to start tomorrow, the 24th April, 1987. Minister to reply on 27th April, 1987 in the evening.
2. Discussion on the working of the Ministry of Defence.	1 day i.e. April 29, 1987.

HALF-AN-HOUR DISCUSSION ON POINTS ARISING OUT OF THE ANSWER GIVEN IN THE RAJYA SABHA ON THE 2ND MARCH, 1987 TO STARRED QUESTION 63, REGARDING THE NEW DRUG POLICY

SHRI RAJNI RANJAN SAHU (Bihar): Mr. Vice-Chairman, Sir, I am thankful to you for giving me an opportunity for this discussion which has arisen out of the Starred Question 63 dated 2nd March, 1987.

Sir, the Government released a statement purporting to be New Drug Policy just a week after the end of the winter session of Parliament. This policy statement was being subjected to public criticism. I do not know what has made the hon. Minister to announce this policy in such a hurry. Curiously enough, Sir, instead of elaborating the earlier 1978 Policy, the document back-track on several issues. The measure has completely ignored several important issues such as the consumers's interest. Sir, no doubt the objective laid down in the Introduction of 1986 policy has emphasised the vital role of pharmaceutical industry in serving the basic needs of the people to attain its objective and the objective of self-sufficiency as suggested by the Hathi Committee. Sir, this measure lacks in many directions. And that is why a series of criticism has come up in public as well as in the media. Sir, before I proceed further, I quote some of the editorials of the newspapers. The 'Times of India' dated 20th December, 1986 says, "No Drug Policy". The 'Hindustan Times' of 20th December, 1986, says, "Drug Policy Anti-people". The 'Patriot' of 20th December, 1986, says, "New Drug Policy Criticised". Likewise, almost all the newspapers of India in different editorials said that this policy is a discouragement to the development of indigenous manufacture capabilities. Sir, I do also feel that it has not been looked into the consumers' interests. It has also been said that it is anti-people. So much so that the Indian Medical Association which has got a membershp strength of 60,000 doctors feared that the prices of medicines would go up by enforcement of this policy as much as 60 to 300 per cent.

The Deputy Chairman in the Chair.

Madam Deputy Chairman, as a result of the implementation of the policy we have to see its impact on the consumer, self- sufficiency, production by indigenous industries and development of the public sector as well. I would like to concentrate my views as to how it is going to affect the consumer. As it is, the measure is completely silent about the interests of the consumer. That is, consumer has been left at the mercy of the producer, may be indigenous producer of both sectors, large-scale and small-scale and may be also the multi-nationals.

Madam, so far as the interests of the consumers are concerned, we must take into consideration broadly two aspects. Consumers must get essential drugs and consumers must get medicines at fair and cheaper prices and consumers should also get the benefit of drug equalisation fund which was provided in 1978 policy.

Madam, the Prime Minister is keen to achieve and ensure health care facilities to common masses by 2000 A. D. But I have got every doubt whether this will be at all achieved by this measure. The measure does not say or propose to discourage the production of non-essential and useless medicines; rather the production of non-essential medicines has gone up and production of essential medicines has gone down. This has been our past experience.

Madam, from the figures available to me, I quote, in 1978-79, the sale of essential drugs was to the tune of Rs. 55.47 crores, whereas in 1983-84, it has come down to Rs. 49.35 crores. In the sphere of non-essential medicines as in 1978-79, the production was to the tune of Rs. 154.44 crores and the same has gone up in 1983-84 by Rs. 198.38 crores. Madam, neither the policy of 1978, nor the Hathi Committee's report permitted this. Now, the question arises, why this measure? I feel there are two provisions in 1978 policy to safeguard. It has been provided in clause 59 of 1978 policy and I quote: "It will be ensured progressively that at least 20 per cent of the turn over of an individual drug company is in categories 1 and 2 formulations." Madam, in this measure this factor has been totally ignored and the mark-up is also not very bright for category 1 and 2 in order to make available at reasonable prices. Now the question arises as to how the consumer will get essential drugs at reasonable prices. Nonetheless, by expanding the basket of decontrolled items it is but natural for a company to produce such medicines which will give them much more profit and thereby incentive to produce non-essential and useless drugs, lie vitamins, *golies* etc. Madam, there is no such disincentive in this measure. By expanding the number of decontrolled items it is not understood how such a proposal will give relief to the poor consumer or to the country. Whatever the basis on which a conclusion has been drawn, nowhere it has been spelt out. If past experience is any guide the price of decontrolled items went up by 100 to 800 per cent during the last five years. In reply to several questions in this House, such as Unstarred Question No. 620 on March 2, 1987, the hon. Minister informed the House that the price of price decontrolled medicines up by 819 per cent. In case of another medicine, the price has gone up by 225 per cent. The cost of another medicine, according to his statement, the price has gone up by 580 per cent. Madam, in reply to Unstarred Question No. 617 on the same day, the hon. Minister informed an increase of 213 per cent on Triptanol tablets. There are many examples which can be quoted. As admitted by the hon. Minister in both the Houses, the prices of decontrolled medicines were increased by the manufacturers very high, without any justification. The price decontrol on these medicines not only proved to be a heavy burden on the consumer, it has also proved to be an attraction to the drug companies to produce more price decontrol products, as a result of which essential medicines become short in supply. Such a step has defeated our national objective of making essential medicines abundanty available. This is the position which has been realised by our past experience.

The other important point is, in this area competiton does not play any role because the medcines are being sold under brand names. One has to buy what has been prescribed for him by the medical profession, whatever may be the price. As everyone knows, the drug companies have a very strong sales promotion organisation and they have more influence on the medical profession. Hence, whatever they want to sell, they can sell at whatever price they want, when there is no price control. The proposal of expanding price decontrol will increase the price of Hydergine tablets has gone on the one hand; and on the other, there will be increase in production of non-essential and useless medicines, as I have stated earlier.

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The other unfortunate situation is that on the one side, no provision has been suggested for mandatory production of essential medicines, on the other hand, no disincentive proposal has been suggested on the production of non-essential medicines. I would like the hon. Minister to explain on what basis such a suggestion has been made in the measure announced by him. If the Government cannot implement the policy, that does not mean that the Government should abolish such policy. In the 1978 policy, 80 per cent of the medicines were under price control, and this was never monitored. It does not mean that we should expand the basket of decontrol. Hence, the Hathi Committee also recommended control of profitability. This measure is incomplete. No list of drugs under price control has been prepared as yet. What was the hurry in announcing such useless and incomplete measures?

Coming to the other issue, the growth of industry in the real sense is the production of bulk drugs from basic stage. This will strengthen the growth of indigenous industry and make our country strong. I would like to know from the hon. Minister what incentives have been given to safeguard the indigenous producer—small-scale or large-scale—of bulk drugs. Nothing has been spelt out in the measure.

Madam, our national objective is self-sufficiency. In the 1978 policy, Government announced provision of Drug Equalisation Fund in order to safeguard the interests of indigenous producer and consumer. Hathi Committee had also recommended the setting up of this fund. It was felt that in the larger interest of the country, the people should not suffer. The object of creating such fund is that the import price and the indigenous producers' price should match. By doing away with this provision, in the new measure, imports started increasing, indigenous production declined and prices started soaring. The hon. Minister assured this House that Government will recover the amount lying with the drug companies. But what has happened? Instead of that, the Drug Price Equalisation Fund has been abolished. The Fund was created to do justice to the consumers as well as to the producers. The provision was made in para 7(2) of Drugs Price Control Order, 1979, so as to mop up unintended benefit. Unfortunately, neither any procedure was laid down nor any guidelines were issued in regard to the operation of this Fund. It is only after four years, i.e. in the beginning of 1984, when the issue was raised in Parliament, the Department started working on this. The drug industry made several crores of rupees as unintended profit, unintended benefit at the cost of the consumer. The estimate is around Rs. 700 to Rs. 800 crores and as against this amount, hardly Rs. 70 lakhs have been recovered from the manufacturers.

Madam, since 1984, the Ministry started giving notices under this provision. In reply to Unstarred Question No. 1557 on 2nd December, 1985, the hon. Minister informed the Rajya Sabha that notices were issued under para 7 of Drugs Price Control Order, 1979, to 73 drug companies, and in reply to Question No. 2210 answered on 9th December, 1985, the hon. Minister informed the Rajya Sabha that notices to 20 drug companies were issued during May, 1984, in respect of unintended benefit made on the medicines required for tuberculosis and leprotic patients. Madam, almost three years have passed after the notices were issued but not even a single paisa, not even a single rupee, has been recovered from the drug companies. The drug companies did not even spare TB and leprotic patients. It is obligatory on the part of the Government under the twenty-point programme to provide medicines at fair prices to this class of patients. It is unfortunate that the drug companies even made unintended benefit, which runs into crores of rupees, from a class of the society. Despite all this, the Ministry did not take serious steps to recover the amount.

The Department did not even think of creating a cell for the working out of

claims and recovering the same. The worst part of it that under provision 7.2 of Drug Policy, 1978, though it has been provided that a field organisation will be set up under the charge of Development Commissioner (Drugs) to operate and implement the pricing scheme under Drugs Price Control Order (Essential Commodities Act). Since the last four years, there is no separate Development Commissioner (Drugs). If the head of the department has not been appointed, the creating of which had the approval of the Cabinet, one can imagine the state of affairs. It is difficult to understand that when the department has been given powers under the Essential Commodities Act to recover the amount, why it has not collected and why no serious attempts have been made.

Madam, on the 24th July, 1984, in reply to Unstarred Question No. 351, the hon. Minister informed the House that unintended benefit on 15 drugs has been worked out and the process of recovery is on. In another reply on the same day, in respect of Unstarred Question No. 283 in the Lok Sabha, the hon. Minister admitted that non-response by drug companies would be a violation of the Essential Commodities Act.

Now, in the measure announced in December, 1986, under para 5.4, it has been proposed to abolish the Drug Price Equalisation Fund. The reason stated is that in actual practice, the operation of this account is giving rise to administrative problems. This was created for the benefit of the consumer and the bulk drug producers i.e. to achieve the national objective of self-reliance and availability of medicines at reasonable prices. If there are any administrative difficulties, it is the duty of the Ministry to sort them out and set them right. The national policies are formulated for the benefit of the people and not for the convenience of the department. When it has been established that the account is created to do justice both to the consumers and the bulk drug producers, why it has been proposed to be abolished due to the simple reason, i.e. administrative difficulties.

Madam, apart from the objective and the way such a provision has been dealt with by the Department, another very important factor had been totally overlooked by the hon. Minister before making a proposal for he abolition of Drugs Equalisation Fund Account and that is the judgement of Delhi High Court bench dated 4th August, 1986. This account was challenged by the Drug industry and the petition was dismissed by Delhi High Court. The bench observed that the total benefit that accrued was double than the amount claimed. As the claim had been made only on the difference of the bulk drug price, whereas the benefit accrued is approximately double due to an equal amount of mark up.

The High Court Bench while dismissing the challenge petition stated in the order that section 7 of the Essential Commodities Act, 1955, as amended, contemplates that no Court or tribunal shall grant an injunction or make any order restraining the Government from recovering such amount.

Madam, I am unable to understand why this Drug Equalisation Fund Account has been abolished. Drug companies are taking double advantage, firstly, making unintended benefit by over-charging the consumer and secondly by showing the liability and not depositing the amount in the account, thus enjoying both the undue benefits. Actually, this has served a blessing in disguise to them.

Madam, I would place before the hon. Minister only three points for consideration why the big drug house should (1) enjoy benefit on the formulation prices, i.e. on the mark up, equal amount which is not recoverable under Drugs Price Control Order, (2) utilise the amount without paying interest. Actually, the interest should have been credited into the public account of India under article 284 of the Constitution due to non-recovery. The amount is being shown as a liability and being used without any interest. (3) Why the big drug house should take advantage of income-tax and remittance of dividend to foreign shareholders.

Madam, I can quote several examples but due to constraint of time I submit to the hon. Minister to please look into

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the two factors which are very important. (1) The interest of the consumer has to be looked into by not expanding the basket of decontrol and (2) why the Drug Equalisation Fund Account is not being operated again, and the provision made in para 5.4 is reconsidered and abolished.

With these words, I thank you very much for giving me an opportunity to speak on this very important matter.

THE DEPUTY CHAIRMAN: Yes, Mr. Minister.

SOME HON. MEMBERS: Our names are there.

THE DEPUTY CHAIRMAN: According to the Rules of Procedure the Minister will reply and then the hon. Members would put questions. While putting questions they can speak for some time and again the Minister will reply.

THE MINISTER OF STATE IN THE DEPARTMENT OF CHEMICALS AND PETRO-CHEMICALS IN THE MINISTRY OF INDUSTRY (SHRI R. K. JAICHANDRA SINGH): Madam, I would not like to be as confused as the hon. speaker attempted to make out. I do not for one understand the stand the hon. Member has taken by saying that the Government should not have come out with a policy immediately after the last session of Parliament. If we had come out during the session of the Parliament or after the session of the Parliament, it is absolutely immaterial because there are so many instances in which we can discuss this policy bith in this House and also in the other House and, in fact, Madam, this subject has been discussed on many occasions not only in the two Houses but also in the Consultative Committee. In fact a very exhaustive study on this was done in the last Consultative committee meeting and many of the points which the hon. Member has raised have been discussed, including the other speakers who are ready to put forth some questions which I am sure. . .

SHRI VISHVJIT PRITHVIJIT SINGH (MAHARASHTRA): I am sorry, Madam.

THE DEPUTY CHARMAN: Even otherwise you are going to put questions. So why interrupt now?

SHRI VISHVJIT PRITHVIJIT SINGH: No, no, Madam, this is very important, it is very very important. Any reference to the Consultative Committee proceedings either by Government or by the Members is banned in this House. There is no reference made to it. It is very wrong. This is a convention which categorically states that we will not refer to the Consultative Committee proceedings

SHRI R. K. JAICHANDRA SINGH: I am fully aware of that. I did not refer to the questions which were raised. I said that the new measures in Drug Policy the new measures which the Government has come out with have been discussed many a time in this House, in the other House and also in the Consultative Committee. This reference if I cannot mention that it has been discussed in the Consultative Committee, I am afraid you are trying to gag my mouth.

As I said, I would not like to be as confused as the hon. speaker, because the main idea behind what the hon. Speaker has tried to imply is that the new measures which were announced sometime in December 1986 were done a little hastily. So probably from what I heard, if I heard correctly the main point is that the list of category I and category II drugs has not come out as yet. This I believe is the main contention. It is true, Madam, that we have still not been able to come out with the lists. It was a question at that particular moment as to whether we should wait and delay the announcement of the policy by first framing the categories I and II lists. Two alternatives were available to the Government at that particular time when this was discussed in the Cabinet and this point of fact came. The second alternative was to announce these new measures and then appoint certain committees to go into these aspects.

The first list consists of drugs which will be used in the National Health Programme. It is evry clear and I have said it in many answers to the questions raised in this House and also in various other fora that we will go by the parameters given by the Health Ministry. What has to be included in the National Health Programme will be included in category I drugs, and the drugs under the National Health Programme are also going to be suggested by the Health Ministry. Therefore it is very clear that we would be leaving this to the Health Ministry.

Category II list is a list of essential drugs. In this, if I may venture a little bit, what is essential to one individual may not necessarily be to the other individual. It is very clear if someone is suffering from arthritis, to him a medicine for arthritis is the most essential medicine than it is to someone who is suffering from cancer or gastro-entritis. Therefore, what is essential to someone—I am just venturing to say that this is a question where there are a lot of grey areas. (*Interruptions*) Madam, I would not like to be disturbed.

THE DEPUTY CHAIRMAN : Probably the hon. Member wanted to refer to the life-saving drugs.

SHRI R. K. JAICHANDRA SINGH : I will come to that. That is why I am saying, the fact remains, and we must admit that, what may be essential to one may not be essential to another. Now I am not for a moment suggesting that what is essential to one individual should not be included in the list. No.

SHRI RAJNI RANJAN SAHU : Madam, he is equating what is essential and what is non-essential with what is good and what is bad. Good for one man may be bad for the other, but essential and non-essential is different.

SHRI VISHVJIT PRITHVIJIT SINGH: There are international criteria for that.

SHRI R. K. JAICHANDRA SINGH : Madam, if I am being disturbed like this. I do not think....

THE DEPUTY CHAIRMAN : No interruptions, please.

SHRI R. K. JAICHANDRA SINGH : First they should listen to me. What I am trying to say is, the only point I am trying to bring out is, what is essential to someone may not be essential to another. But, not necessarily, Madam, what is essential to someone may not be included in the list which is to be brought out. That I am not saying at all. It may be included. As some of the hon. Members are saying, yes, what is essential may always be essential. This essentiality will be looked into by a committee headed by the BICP Chairman, and I can assure the House, and I have assured this in different forums, that it should be coming out by the end of May; this list of essential drugs which will be in category II will be coming out by the month of May which is barely a month-and-a-half from now. They are looking into this essentiality in the committee. There are many members, groups, representing doctors and other people whom they will be consulting, and I am sure, they will be looking into this. What I am just trying to say is, there is definitely a grey area. Madam, you would admit that a particular drug which is essential to me may not be essential to you.

(*Interruptions*)

THE DEPUTY CHAIRMAN: No interruptions please. Let him continue. You may differ on some points. (*Interruptions*) You will have your own chance to put your questions. Why are you unnecessarily disturbing him?

SHRI R. K. JAICHANDRA SINGH : Madam, I will clarify once again. What I am saying is, no two persons or no three persons may agree on a list of essential items. That is why we have formed the committee. They will come out with that essential list. I am not suggesting anyhing. We have not given any direction on this as to how many drugs should be included. This Committee is independent. It is not headed by someone who is in my Department. It is headed by someone who is in the Industrial Development Department. Therefore, they will be looking into this. I think the agitation in the minds of many hon. Members would be answered. They are an independent body, and they will be submitting this list.

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They are having various sittings in different parts of the country. I am told, they have had sittings in Bombay and other parts of the country, and probably are having sittings wherever possible. Therefore, they would be coming out with this list.

Then, the hon. Member has mentioned a number of press write-ups. Of course, I have not come prepared on how many press- write-ups were against this. But I have a statement before me prepared by the Department that more or less, except from one or two angles, may be from consumers' angles—I will try to answer this particular point—these new measures have been welcome. As I said, no new measures or series of measures will be able to satisfy every cross section of the society. Every cross section would mean the different consumer groups, the different industries. The industry itself is divided. There are small scale units. There are national, wholly Indian industries. Then there are the multinational companies. (*Interruptions*) Except reading some of the press write-ups, the hon. Member has notmentioned any specific points from the newspapers.

Another point which has been mentioned is about the consumers. Madam, the consumers' interest has not been neglected. In fact, why is the industry here for? It is for them to produce these drugs for the consumer. Yes, the consumers are at different levels. There are poor sections of the society, there are people who can afford it. That is why, we have gone in for categorisation by listing these I and II categories which are more essential in nature. This is where Goevrnment will be having a price control. Earlier we had the price control on more than 300 bulk drugs, on more than 4,000 formulation, on more than 20,000 formulation packs. Because of the big span of control, I have admitted on the floor of this House and also the other House and I still admit, the Government was paralysed because we could not fix the prices of all these that I have mentioned in proper time. So, the 1978 policy was also based on the Hathi Commission. And if I may interject the hon. Member also mentioned that these measures are a policy. In fact, if I may clarify, this is not a policy as such. These are certain measures—measures on quality control, measures on rationalisation of drugs. These are different measures which will to the extent possible replace as far as these provisions are concerned from the earlier 1978 policy and those provisions which have not been touched in the earlier 1978 policy will continue to remain. So, as I said, it is not that the consumer's interest has been neglected, because the availability of the drugs is the most important thing.

The hon. Member has mentioned that the production in the Categories 1, 2, 3 of the present DPCO, especially category 1 and 2 of the existing DPCO has gone down over the years. One of the reasons for this is low mark-up. The industry is not investing enough money in the areas where production is essential. Therefore, by increasing the mark-up we thought that the industry would come in and produce more in these essential drug areas. That is why we have given a slightly bigger mark-up.

Another point which was suggested by the hon. Member is discouragement of non-essential medicines. We have a democratic set-up. It is not like Bangladesh where they can pen down and say these drugs are not essential. Today though this is a subject matter which is being dealt with by the Health Ministry, if I may venure to call it as non-essential medicine and if we do not allow a particular company to produce this, there will be litigations galore. I am just quoting this as an example. The company will go to the court and say on what basis do you say this is non-essential? Therefore, this is again the same thing. On essentiality and non-essentiality there are a lot of grey areas and differences of opinion between various sections of the people. Therefore, it will be very difficult for the Government to come out with a policy and say these are drugs which should not be produced because they are non-essential. Take for example Vicks. I understand it from my personal experience. In fact, about two or three months back when I was suffering from cold, I asked the doctor

whether Vicks is an essential drug for clearing cold. We see about it in the television and read in various magazines. The doctor told me that it is absolutely non-essential for any one to use Vicks. Therefore, it is for the consumer not to use certain drugs. It is very difficult for the Government to come out and say well you don't sell drugs or you don't produce Vicks. We have rule of law and a democratic society. Therefore, the Government may think of taking steps to discourage, may be in the media or may be bring out bulletins, and say well these are drugs which should not be used. That means the interest of the consumer will be taken care of more by bringing in bulletins and magazines of this nature, rather than for the Government to clamp down on something and say, "well you don't produce it."

Then the hon. Member, in fact, in his read-out speech did mention that the mark-up is not very bright. On the one hand he is saying that the consumer is not being protected because the price is costly. This is what was made out to be. In the same breath a little later he said mark-up is not very bright. That means the mark up is still not sufficient. Therefore, we have raised it to the present status—75 for category 1 and 100 for category 2. Then, about decontrolled items, one innovation and very useful measure has been included, that is, monitoring mechanism. In the 1978 policy, we did not have those measures but we had category I, II and III which were controlled and the rest of the drugs were decontrolled. Now, we have category I and category II but in the decontroiled items in the new measures, we have a new mechanism of monitoring the drugs. Therefore, it is already mentioned in the document that the Government has a right to bring back any drug from the decontrolled category to the controlled category if it is deemed necessary. Therefore, this new mechanism has been introduced. The Government expects the industries to behave according to this policy and if they don't behave then we have this now mechanism.

The hon. member briefly mentioned about incentives of bulk drugs. In fact, in the 1978 policy, only one option for pricing was given. In the new measure, we have given three alternatives. I do not think it is necessary for me to go into the details since it is already there in the booklet which has been placed in the Parliament Library and has been supplied to the many of the hon. Members. These three alternatives are given. We are confident that if more incentives are given there will be more bulk production. This is practical. I hope I have replied to all the points of the Member.

SHRI RAJNI RANJAN SAHU: Madam, he has not replied about the drug equalisation fund account.

THE DEPUTY CHAIRMAN: He will tell about it in the next reply. Now, Mr. Chitta Basu.

SHRI CHITTA BASU (West Bengal): Madam, I know the rules, and that I cannot make a long speech as the hon. Minister has made and the other Member has made...

THE DEPUTY CHAIRMAN: Each Member should not make more than five minutes.

SHRI VISHVJIT PRITHVIJIT SINGH: Madam, five minutes is too little. We cannot make all the points in five minutes. You should allow us more time to speak. There was an instance where half-an-hour discussion has been discussed for more than 2-1/2 hours.

THE DEPUTY CHAIRMAN: You see this is half-an-hour discussion and we have already taken more than half-an-hour.... (*Interruptions*).

SHRI CHITTA BASU: Madam, at the outset I want to make it clear that this kind of discussion which relates to the policy should not be limited in a discussion of this nature, that is, half-an-hour discussion. As a matter of fact, Madam, I demand that there should be a full-fledged discussion in the House on this drug policy—whether you call it a new drug policy or drug policy itself. How-

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ever, it has been listed in the business, I am taking part. But I still demand a full-fledged discussion on this drug policy.

SOME HON. MEMBERS: We all support it.

SHRI CHITTA BASU: As you know, Madam, there is a history of the evolution of the drug policy in our country and it is not the time for me to discuss about it. The important landmark has been the recommendations of the Hathi Committee. I am very much glad to know that from his speech when he said that it is not a policy, it is simply a package of measures. Am I right, Mr. Minister.

SHRI R. K. JAICHANDRA SINGH: Yes.

SHRI CHITTA BASU: He now claims that it is not a policy. It is a package of measures. Whatever it might be, whether it is a policy or whether it is a package of measures as he claims it to be and not I, my understanding of the problem is this policy or this package of measures goes against the fundamental recommendations of the Hathi Committee. Madam, the Hathi Committee's major recommendation included the nationalisation of multi-national drug firms, restriction on import of bulk drugs and the intermediaries and technologies by the multinational corporations, initiative for indigenous production and leading role of the public sector, fresh impetus for indigenous R&D. These were the major recommendations of the Hathi Committee. Now, people compare this new policy or the package of measures, I am constrained to say, with the previous policy. It is a reversal of the policy which the Parliament accepted. It was a Parliamentary Committee. The Hathi Committee was the Committee of the Parliament and this Committee made recommendations and some of the recommendations were accepted by the Government and this Minister comes out with the policy statement which negates, not only negates, it reverses the policy stands of the Hathi Committee. Would the hon. Minister explain to this House what made him to reverse the policy of the Hathi Committee? From this policy document, it is also clear that the 1987 policy was based to some extent on the recommendations of the Hathi Committee and this 1986 Drug Policy has been formulated on the basis of the recommendations of the industrial representatives particularly, the multinational corporations. Therefore, it is thoroughly influenced by the multi-national corporations. The new Drug policy, as he claims, in fact, has been formulated to fulfil the demands of the drug industry, particularly again I say the multinationals for liberal licensing, liberal imports and liberal pricing. (*Time bell rings*) In two stages, in March, the door to multi-nationals to enter into such areas of manufacturing which were reserved for Indian sector was opened. I think, it is quite clear. Certain sectors were reserved for the Indian sector of industries. It was prohibited for the multi-nationals. Now, this Policy opens the doors of this sector for the multinationals. Therefore, it is regressive. In this new Drug Policy, if they invent any new drug, it will be de-licensed category. It is again harsh for the indigenous industry. The total impact of this liberalisation policy will affect the Indian sector very harshly particularly, the small and medium sized Indian sector will be forced to close down. The liberal imports of technology will affect the indigenous R&D in our country. Lastly, Sir, as I have said, I have got limitation. Within this brief period of time it is not possible to discuss the policy. Therefore, I say, this new policy is a reversal of the earlier policy and therefore, what I would demand from the Government is that this policy is to be withdrawn forthwith. If these are not policy measures, these measures are not to be given effect to. On the other hand, on the basis of recommendations of the Hathi Committee or within the framework of 1978 Drug Policy, a new Drug Policy is to be formulated and in the course of formulation, the Government should consult all sections, consult industry as consumer, as industrialist, doctors and scientists and technologists. My question is whether the Government is prepared to withdraw this 1986 package of measures or policy and recast a new drug policy on the basis of the Hathi Committee recommendations, within the parameters of the

1978 Drug Policy, in consultation with the industry, with economists, technologists, scientists, trade unions and other organisations interested and concerned in this matter.

SHRI G. SWAMINATHAN (Tamil Nadu): Madam Deputy Chairman, I would like to say a few words on the Drug Policy. There has been a heated discussion on the Drug Policy and there have been complaints that the honourable Minister has been vacillating and that the Drug Policy he has announced recently is not up to the mark. Our honourable friend, Chitta Basu, also recommended Hathi Committee suggestions. I had gone through the Hathi Committee report. That report was given several years ago, in 1975. As has been rightly said by the honourable Minister, Hathi Committee report is not a policy statement. Hathi Committee was appointed by the Government of India to go into the drug industry; not only drug industry but also pharmaceuticals, management of the industry including the Drug Controller's administration, the nature of the pharmacies, in short, the whole gamut of it, everything of the industry. The Committee went into every aspect of it and made so many recommendations and those recommendations were found to be very valid. Many of the recommendations have been implemented by the Government of India and also by the State Governments. But in regard to some of the recommendations, the Government encountered some difficulties in implementation. The authorities concerned could not implement some of the recommendations. On the face of it some of the recommendations looked very attractive, very easy on paper, very easy for discussion. But the actual implementation of them posed problems. Therefore, recommendations which were made in 1975 cannot be taken as something that had to be implemented hundred per cent. When we find there are practical difficulties in implementing them, we have to find ways and means of overcoming them, of removing those difficulties. And as already pointed out, Hathi Committee recommendations were not a policy statement. One of the recommendations was that multinationals should be eliminated from the Drug Scene. In India there are multinationals not only in drug industry but in every industry. There are multinationals not only in our country; even China is allowing and inviting multinationals; even Russia, I found the other day, were asking multinationals to come in; the Communist Government in Vietnam is asking for multinationals to start industries in that country. Now, whether or not to have a multinational has to be decided by the Government on a policy level. There is no reason why multinationals may be allowed in other industries and not in drug industry. I do not understand the logic or it. Between Hathi Committee report and now the equity of multinationals has been reduced and most of them have come within 40 per cent. Many Indian capitalists have come into multinationals. Majority of the multinationals are Indian multinationals. Some of the multinationals are being managed by Indian personnel. Therefore, the fight in the drug industry is not against multinationals. There are nearly 20,000 small scale industries in the drug field. There are thousands of middle level drug manufacturers in the drug field. There are also large-scale manufacturers like Sarabhais. The fight is between multinationals and the large-scale industries. I would only like to point out that the interests of the multinationals, the large-scale industry, the medium and small-scale industry, in India are entirely varying. The large-scale Indian industrialists who want to make profits themselves are trying to project themselves as if they are the industry's spokesman. In fact, there are two kinds of forum, one trying to keep all the opportunity to itself and at the same time crushing small and medium scale units. Some people are also having the same marketing as multinationals. They are in no way better or worst than the others.

I would like to say that much has been said about the consumers and the drug policy. I understand that the drug policy the time of the Chinese aggression. From the time of the Chines aggression. From that time onwards, I think nearly for the

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past two decades or more that drug policy and the drug price control order have been there. The original categorisation as I, II, III and IV was irrational, I would say, and the honourable Minister has done the right thing by making it two-fold only. Why do I say it? Originally, it was stated that Category I related to most essential drugs, Category II to essential drugs, Category III to common drugs and Category IV related to any drug. The Government wanted to give a small profit on those drugs which are considered to be essential drugs. As somebody said, the essential drugs have been recommended by the WHO List or whatever list it may be. You see how it works. The manufacturers who have been manufacturing the essential drugs are getting the least profit. So, most of the manufacturers who were manufacturing Category I and Category II drugs went to Category III drugs and many of the friends whom I know in the drug industry went to Category IV drugs because they wanted to manufacture items which had no relevance to the people at all. Suppose you manufacture some drug which is not essential. Then you will get the maximum profit out of it. Ultimately, it worked in a lopsided way and the people started to manufacture drugs which were not essential and they moved from essential to non-essential. Ultimately, what the Government thought and what the manufacturers did and what the consumers benefited were quite different. The consumers were not benefited and the essential drugs went out of the market and the people started making a lot of money by making drugs which are not essential or non-essential drugs as you may call it. Ultimately, the Government had to resolve this conflict and it came out with two Categories and it was decided to go into these at one time. It became very difficult at one time to apply for and get the licence or the price because the methanism did not work and the price control people were not able to give the price. Even though, as somebody said, there was the rule, it was not implemented all these days. Ultimately, what happened was that the multinational companies had their own liasion people here and they were able to contact Shastri Bhavan and thus the larger people were able to get the pricing and the smaller people suffered. I would very strongly recommend one thing. You have to see that the recommendations of the Government are implemented. The price policy that the Government has brought in is to be appreciated and the Government has to be congratulated. Then, there is the Drug Equalisation Fund to which my friend referred. It is only seven to nine per cent of the profits which is being given to the manufacturers. Ultimately, what happened is that many companies including Indian companies were losing and are losing because there has been no control on the raw materials and packaging materials. There has been control on the finished materials, but there has been no control on the inputs. The prices of raw materials have been going up and the price of everything has been going up. Somebody suggested that we should have only Indian companies, completely Indian-owned companies, for manufacturing these drugs. But I would like to ask what happened to IDPL. They have made more losses and they have lost their capital. Some Indian company manufacturing these drugs recently made two hundred crores' worth of sales and they made a loss of Rs. 4 crores; Many of these companies have gone under. Even Burroughs-Wellcome have gone under. Most of these companies are going under because of the irrational price control policy. Unless you give profits to the industries, they cannot exist and unless they exist, the common man will not get his medicines. So, you have to rationalise these things, rationalise between the consumer, the industry and the doctor. All these people have to meet and discuss a common platform. The drug policy is not something on which you can suddenly decide and bring about changes. There are conflicting views and interests. If the honourable Minister is not able to do it, it is well within his bounds to say that he is not able to do it because there are so many interests operating and making relevant points. I have been seeing various committees over a period of years

and I know that they have not been able to decide even what is an essential drug. They have not been able to decide, the experts are not able to decide. So, when the people are not able to decide, when the experts are not able to decide, there is no point in complaining to the Minister as if the Minister is not able to resolve. The Minister will not be able to do anything because of the conflicting views and interests. I would only link to ask the honourable Minister whether he will pursue the right policies that he has been following all through. Thank you, Sir.

THE DEPUTY CHAIRMAN: Now, Mr. Jagesh Desai.

SHRI JAGESH DESAI (Maharashtra): Madam, at the outset, I would like to make it very clear that I am not for the multinational, MRTP or big pharmaceutical industries. I want to raise my voice for the medium companies and our public sector companies. I completely agree with the aims and objects of this 7.00 P.M. policy. But I would like to know whether the policy is in accordance with the aims and objects. For that purpose I would like to ask some questions.

Regarding de-licensing, the Government has decided that the scheme of de-licensing would be available to non-FERA and non-MRTP companies only. I fully agree to it. But it appears that you are not encouraging the public sector. Previously, 17 drugs were reserved for being manufactured in the public sector industries. Now, two drugs have been removed from that list. One is penicillin and the other is polio vaccine. I would like to know from the hon. Minister whether there were any discussions with the IDPL before de-reservation of these two drugs-especially penicillin as to whether they have got the capacity and whether they can meet the requirements of the country in future. With modernisation and with the technology of European countries, I feel that they will be able to meet the requirements of penicillin even by the year 2000 A.D. I would like to know from the hon. Minister whether any discussion had taken place and whether they had found out that the Indian Drugs and Pharmaceutical Company will not be able to manufacture the penicillin to the extent required. If they have not done that, I think they have failed. So, instead of helping the public sector companies, they are encouraging the private sector companies. Although it is de-reserved, licences will be required. Therefore, some companies have already applied for licences. If the licences are given, whatever infra-structure has been created by the public sector with the money of the people will be wasted. This company which is at present making losses will make further losses. I will request the hon. Minister to review the de-reservation of penicillin. After taking stock of the situation and after discussing it with the company, if you are satisfied that they have got the capacity and that after modernisation they will be able to manufacture penicillin, then he should again reserve it for the public sector. I think some more items should be added to it. Instead of adding some items, you have reduced them. I will request the hon. Minister to take this matter with the public sector units and if they can assure that they will be able to produce these drugs, he should reserve them for the public sector.

Secondly, over the last decate, penicillin has become an essential drug. In order to increase production and curtail prices of this life-saving broad-spectrum antibiotics and so on, it is proposed that all non-FERA pharmaceutical companies in the country be allowed to produce penicillin. FERA companies will not be allowed but MRTP and multi-national companies would be allowed. I would like to know from the hon. Minister what type of policy is this. You don't allow FERA companies, but at the same time you are allowing multi-national and MRTP companies to manufacture penicillin. For the purpose of licence, you don't allow FERA and you are allowing MRTP and multinational companies to manufacture penicillin.

I would like to know what is the logic behind this. And if the Minister is convinced that there is some error in this, I

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am sure the Minister will look into it. And as you have done in the case of non-FERA companies similarly the multinational and MRTP companies also should not be alllowed to manufacture penicillin. It should be first of all reserved only for the public sector. And if you are not satisfied that they will be able to produce, then give it to small-scale industries or other industries which are not MRTP companies or multinationals. Secondly, regarding value of production of bulk drugs and formulations, you want to revise it. And what is your revision? For FERA companies, the ratio of parameters would now be 1:4 in place of 1:5 in respect of value of production of bulk drugs and formulations. Here also, you are not going to touch the multinationals and the MRTP companies. You are only touching the FERA companies, and those companies are not taken for this parameter. I would like that this should also be added so that these big companies, the multinationals and the MRTP companies and the FERA companies are kept on the same footing, and the other small companies can get the benefit. And you have talked about value of production. If the price goes up, the end-product's price will go up and your aim will not be fulfilled because the quantify which you would like them to give, they will not give you back. So, I would like to know that instead of value of production whether it could be quantity of drugs and formulations.

Madam, there are so many other points. But I would like to deal with one basic question. This whole policy should be again reviewed. And we have to see that the public sector is encouraged and not discouraged. Secondly, FERA companies and the MRTP companies and the multinationals should be kept on the same footing, and the benefit should be given to the small industry. And I would like the hon. Minister to give answers to these questions so that my doubts which are here that probably the multinationals and the MRTP companies will be benefited by this drug policy at the cost of the public sector and the small and medium pharmaceutical companies may be removed. And I would like the Minister to throw light on the issues that I have raised.

DR. G. VIJAYA MOHAN REDDY (Andhra Pradesh): Madam Deputy Chairman, I want to state that after armaments, it is the drug industry which is making profits all over the world.

SHRI VISHVJIT PRITHVIJIT SINGH: Mafia.

DR. G. VIJAYA MOHAN REDDY: Because of that, we are not able to get out of the grip of the multinations in the drug industry. And I want to say in this connection that Dr. Allendi, the President of Chile, who wanted to scale down the pharmacopoeia so that essential drugs would serve the basic purpose of saving life rather than profit-making, was overthrown. There was a conspiracy. He was toppled down. He was assassinated. And all those doctors who had associated themselves in putting these rational ideas were not take the lectures on drugs so easily. We cannot be taken in. I tell you the IDPL was producing and is producing 75 per cent of the bulk drugs. From the IDPL, the multinationals and the other companies take the bulk drugs and fill it in vials and capsules in various combinations and sell at exorbitant prices. And IDPL is made to go into losses which are now running to Rs. 177 crores. And there is a talk that because of unprofitability, the IDPL may be closed down. What about the Hindustan Antibiotics? It is the same story. That is why there is nothing wrong in our friends being suspicious that the Government is not protecting the public sector and at the same time allowing a free run to all types of private industries in collaboration with multinationals to make a quick buck by using all the media and advertisements. Useless drug combinations, brand names, irrationality is prevailing and running large and the doctors are also cooperating because they get quite an amount of commission in this. That is why I want to state what has the Hathi Committee recommendations done? Why don't you think of implementing those things, nationalisation of multi-nationals, of generic names, no brand names and combinations and irrational combinations and then having research. You have forgotten about it in the drug industry. You do not want to overtake other countries. We have got the technical know-how. We are in a po-

sition to dominate as far as the Drug industry goes in the entire South-East Asia and in the Asia continent itself. Now, our drug industry is in doldrums, public sector is in doldrums. Why is it so? If it is not a clear reversal of policy of the Government of India, what is it? It is a sad situation which should not have come about. The poor man should get the drugs he wants. You are not able to do it. Fifty per cent of the people are under the poverty line. And you are now discussing what is essential and what is not essential. (*Interruptions*) The WHO has come out as early as 1978 with a list of more than 200 drugs which should always be available. Today we are not having drugs for our anti-leprosy programme because the manufacturers do not cooperate with you because that cannot give them profit. So also you are not having drugs for anti-T.B. programme or other programmes which are suffering as a result. There is dislocation and there is spread of disease. All these things you do not take into consideration at all. That is why I once more emphasise that the entire outlook on the drug policy has to change and in view of the recent Congress Working Committee's Resolution, multi-nationals and their conspiracies you must take an early stand and come out with a drug policy in keeping with the demands of the vast numbers of the Indian people, who require very cheap drugs in adequate quantities and in all the nook and corner of our country so that our health and medical programmes succeed.

SHRI VISHVJIT PRITHVIJIT SINGH: Madam Deputy Chairman, I would first of all like to say that I am going to make a very short speech because I believe the hon. Minister has got to go to a Cabinet meeting and he is required there very urgently. So, I am going to make it very short.

Firstly, when the hon. Minister says that it is not a policy, he says these are just measures for rationalisation etc. etc. Now my point is that this is totally contrary to the earlier policy which was announced on the basis of the Hathi Committee Report, the new Drug Policy of 1978. If this is contrary to that policy, then what is this? Does the Government of India have a policy, I would like to know from the Hon. Minister? Does the Department have a policy? Now, if he thinks that this is totally contradictory to this one and this one is not a policy, then where is the policy, I would like to know. Are we just going to have measure, ad hoc measures or is there going to be a policy? (*Interruptions*). I would like to assure the Hon. Minister that we have absolutely no problem with the BICP. We have full faith in the functioning of the BICP for the identification of drugs. And this is something which we tought not to discuss here. Let the BICP first come out with its suggestions.

Now, when the Hon. Minister referred to non-essential drugs and said we cannot ban non-essentials, my point is not just about non-essentials but also about harmful drugs, irrational combinations which are harmful. As the hon. Member has just now said, the UNO, the WHO, international organisations of which India is a member, to which we contribute, which we consider to be of consequence and importance, they have categorically made out a list of 200 drugs and said these are the ones which are required, why can't you do something about it? The hon. Minister has said that there will be litigation. I am aware of it, I have not forgotten the judgment of the Supreme Court which has just come, which has castigated the hon. Minister's department for not taking up the cases in the court, the cases of drug companies, multinational drug companies which have charged a fantastic amount of price of Rs. 25,000 against the selling price of Rs. 1700/-. The Government has been lax in this matter and the hon. Supreme Court has pointed this out. And the Minister is talking of litigation. Let us not be frightened by litigation. We can litigate; the courts are with us but only if we pursue the cases. And if we do not pursue the cases, how is this going to happen?

The hon. Minister made a derogatory reference to our friendly neighbouring country Bangladesh. In Bangladesh, Dr. Zafrullah Chowdhury, the proginitor of the new drug policy of Bangladesh has been hailed as a messiah all over the world.

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Just like the ecological movement which was spearheaded by various Third World leaders, including Mrs. Gandhi who was at the head of it, has now come up all over the world, and our hon. Prime Minister has also taken this entire ecological programme as one of the platforms of the 20-point programme, in the same way Bangladesh's drug policy, some day or the other, is going to be a great thing in the world. Let me tell you, in the West, there is a movement towards the Bangladesh type of drug policy. One hon. Member referred to President Salvador Allende of Chile. This is a fact. And let me tell you that this policy which they have brought in Bangladesh, categories the drugs, and they have accepted the UN recommendations. They had the courage to do so. We should also have the courage to do the same thing rather than talk about it.

Now, I would like to ask certain questions because I do not have much time. I want to ask about delicensing. I had mentioned in this House; I have also mentioned it otherwise and I have written letters where I have said that the previous criterion for delicensing was never made clear. In the present policy, or rather document—I do not even call it a policy — in para 6.5, there are four criteria given for delicensing. I do not want to enumerate them because of shortage of time. I would like to ask the hon. Minister categorically one thing. About the previous drugs which were already delicensed for which, as has been said, there was no rationale, and many of them we did not even know as to why they were delicensed, I would like to know from the Minister whether that list of delicensed drugs is going to be reviewed, and after that review, according to this criterion which has now been laid down, will those drugs which do not come within this criterion be removed from that delicensed list. That is my first question.

My second question is about broadbanding. Para 6.8 of the measures talks about it. Now here, the main problem is that due to this new scheme, about 47 new drugs have been added to the list by virtue of broadbanding — list of delicensed drugs. I would like to know from the hon. Minister whether these 47 new drugs which will, by virtue of your scheme of broadbanding, will be added to the scheme of delicensing, will also be reviewed by the same criterion which you have laid down in para 6.5. This is my specific question. I would like to know from the Minister whether this is going to come and these drugs are going to be reviewed.

Furthermore, about the ratio parameters. In para 6.10 of the measures, the Government has stated that the companies in the organised sector are required to submit a production programme, including production of new drugs, so that they reach new ratio of parameters within a period of three years. Now, the Government does not have any real teeth as far as legislation is concerned, to impose this. How are they going to impose it? I want to know whether the hon. Minister is preparing some kind of legislation or recommend for some kind of legislation to actually acquire some teeth to be able to attack this problem. Furthermore, I have another problem in regard to the ratio of parameters as announced in para 6.10. The Government has announced that up to the value of production of Rs. 10 crores, the ratio of parameters will be 1:10. From Rs. 10 to Rs. 25 crores, it will be 1:7. In excess of Rs. 25 crores, it will be 1:5. Madam, you will note that more the production, lower the ratio of parameters and lower profitability of the company. Which company is going to come in. There is going to be the same problem as has been referred to by hon. Members. There will be all kinds of satellite companies being put up which will then carry on making at 1:10 or 1:7. I would like to know from the hon. Minister how this problem is going to be tackled.

Then, as far as the markups are concerned, I have a problem there also. As I said earlier, there is one category which you have created which is going to be free of all price control. Why do I say this? Because you have now got rid of the overall profitability control. In the earlier policy, there used to be overall profitability control of the company. Now, you have removed this clause 'Overall

profitability control'. You have created a category which is free of all price control. The hon. Minister was referring to Vicks. Vicks is another one which is free of all price control. They have even declared it to be an Ayurvedic medicine. Vicks is made by a multi-national company and it is today categorised as an Ayurvedic medicine under the auspices of the hon. Minister. Let me tell you, they are free of all price control. I am sure, the hon. Minister must be having some idea of reviewing it. You are not going to allow people. You are going to bring people under price control as and when required.

In para 5.2 you say this. You say that there would be a stipulation to the effect that Government will have the right to bring within the ambit of control any drug in the decontrolled category at any point of time should it be considered necessary to do so. I would like to know from the hon Minister, what is going to be the criterion. What are you going to allow? Some companies will charge 400 per cent, some companies will charge 500 per cent, some will charge 1000 per cent and some even 1500 per cent and so on. I would like to know from the hon. Minister, at which point will his department swing into action. What is the cut-off markup which you are going to allow for any drug? I would like to know what is going to be the cut-off point.

Now, Madam Deputy Chairman, I would like to once again come back to the question of phased manufacturing programme. Again, I have a problem in this. I have heard that a Committee has been set up under the Chairmanship of the Deputy Director-General, Technical Development, to determine the dates, norms etc. I would like to know from the hon. Minister, what is the progress in this. Has this Committee submitted its report? If not, when is the report going to be submitted? When the report is submitted, will it be laid on the Table of the House, will we have an opportunity to discuss it?

Finally, I come to my most important point. I have been making this point time and again. This is about the role of international companies. The hon. Member from the other side said that these international companies, a large number of these multi-national companies, have a majority Indian shareholding. He said that they are managed by Indians. My point is, though these international companies have Indian shareholding, they are still controlled by their principals abroad. The Hathi Committee and the new drug policy document had taken this into account and they have said that if the shareholding is to come down to 40 per cent, it should not be in the form of dilution, but it should be in the form of disinvestment. This is the point which I have been repeatedly making in this House on a number of occasions. If a company has, say 400 shares,—which are held by a multi-national company—if that company wants to sell 60 per cent of its shares, it should sell 240 shares in the Indian market, into one hand. The new drug policy document has said that it should be bought either by the Government or by an individual or by an institution so that the actual control changes hand. Unfortunately, these companies have been allowed to dilute. This meant that they were allowed to float 600 more shares, sell them to small investors in group of 10 shares each so that the Indians are majority shareholders, but no Indian company is capable of keeping the control of the Company. Still the control remains with the principals, they have same amount of shareholding and have mopped up the whole lot of money from the Indian market through various and nefarious methods. Still they are not under any kind of you control because you have categorised them as Indian companies.

This is my last point. I have said it on the floor of this House and I say it again and it is about the Bhopal gas disaster. When we fought the case in the United States, the stand taken by the Union Carbide Corporation of America was that this is an Indian company and that is why they are not responsible, but the stand taken by us was that the majority shareholding in that company was that of the Union Carbide Corporation of America. We had not allowed them to dilute and this stand was accepted by their Court also. They had 50.70 per cent shares. Had we allowed them to dilute to 40 per cent or even less han 50 per cent, they could have said that they are not liable. So, we had not allowed hem dilute and

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we managed to say that it was a foreign company.

So, Madam Deputy Chairman, through your auspices I warn the hon. Minister that like Bhopal gas disaster, there can be any other incident, any other incident can happen in an industry where all kinds of esoteric processes are involved, where we are dealing with all kinds of dangerous chemicals. I would like to warn the hon. Minister that this kind of short-sighted policy will not work. We have to be aware. We, as representatives of this country, have a responsibility to this nation and we are pointing this out to you very categorically on the forum of this House. You have to show some responsibility, you have to understand what the people of this country are wanting. We cannot allow this to happen. Thank you.

SHRI R. K. JAICHANDRA SINGH: The question which was addressed by Mr. Basu was about the negation or reversal of he Hathi Committee, that the new measures that we have come out with are a negation or a reversal of the Hathi Committee. This was the main point he has raised.

Madam, as one of the hon. Members, Mr. Swaminathan, has said, the Hathi Committee's report was a very comprehensive document. It included many provisions and it will not be easy for any Government, leave alone the Government in 1978 and the Government now, to adopt the entire measures which have been suggested by the Hathi Committee in one whose lot. At some point of time the provisions of the recommendations of the Committee can be taken up. That is one of the main reasons why the 1978 policy, though it included many provisions of the Hathi Committee, could not tbe implemented. And we have admitted on the floor of the House that we had difficulties in implementing many of the provisions of the 1978 policy. I will not go into the details, but what I am trying to point out is that these new measures have not deviated in any way from the recommendations of the Hathi Committee. True, the Hathi Committee said that there is a possibility of nationalisation of all the multinational companies and this should be looked into. Whether the time is ripe, whether the Government can do it right now, this is a matter which has to be taken up at a much higher level, but I agree that we are not going away from that. We are not saying that we may never nationalise. I say, the time for nationalising, for that part of the recommendations of the Hathi Committee, this is not time to deliberate on this. So it is not a negation of the Hathi Committee. Now one or two points I should likt to enumerate about what Hathi Committee said about the public sector, which many of the members, particularly the hon. Member from Maharashtra, Mr. Jagesh Desai, have also mentioned. I will refer to the public sector. Yes, it is true that we had reservation of 17 drugs in the public sector prior to these new measures in December 1986. The reasons why we took out penicillin and polio vaccine out of the reservation I have enumerated in a number of answers in this House and also in the other House—that in 1984-85, or the last year, there was an import of penicillin worth Rs. 24 crores. A lot of foreign exchange is being spent on penicillin. Penicillin today, as most of the hon. Members are aware, is not only a medicine but is used more as a raw material for producing semi-synthetic penicillin which is a better technology, a newer technology. These are new medicines which are being used in the market, not only in this country but in different parts of the World. The total capacity of IDPL is 400 MMU. True, now we have got a new Chairman and we are trying to work out to increase this new capacity for IDPL which is the major public sector company producing penicillin besides HAL and has got a capacity of 400 MMU. The total production, at best, of that company could be around 240 to 300 MMU. Madam, the entire country's demand.... *(Interruptions)* I will answer that. The demand for the entire country is 2,500 MMU and it will keep on increasing, as penicillin today is more of a raw material for producing the semi-synthetic penicillins which are the medicines which are in the market which are going to be used more and more in future. Therefore we felt that on the one hand we had

and we felt that this outgo of foreign exchange was too heavy, and on the other hand due to increase in demand of penicillin we thought it would be better for us, to save this foreign exchange, to encourage indigenous production.

Now about fermenters which the hon. Member has mentioned. There is some misleading impression. There are a lot of fermenters available in IDPL which were to be used for production of other medicines. I have asked the Chairman, IDPL, my Department has asked the Chairman, IDPL, to utilise some of these fermenters to produce penicillin and he is working out on that. So I think, the information which the hon. Member has got is a little premature. Yes, after this exercise which was done, we went to the extent of asking the Chairman, IDPL that he must work out within his own parameters how to utilize some of the fermenters, which are available with them for other purposes, perhaps for production of penicillin and we are working out on that.

About giving licence to others, Madam, we have asked each and every company who has come to us for granting a licence for penicillin to come with a composite plan. That would mean that the technology which they are going to be using for introduction of penicillin in their own factory has to be looked into. As you are aware, Madam, technology in the drug world is the most closely held technology. It takes years and years and years for any company to produce a particular drug. It has to be tested at various levels. The R&D effort is a long drawn out affair; it is a very costly affair. Therefore it is not like any other industry. The technology of the drug industry is a very closely held technology. It is very difficult for any country, including India, to get this new technology brought into our country. Therefore, we are insisting that if a company is going to produce penicillin, they must come with a composite plan, and the Government will be happy to give them a licence if they come with a technology which is better than, much better than what is available in our country already because that newer technology will bring the cost down and all other things. Therefore, it is a fact that we are not just giving licences, but for this newer technology we are depending on composite plans.

SHRI JAGESH DESAI: That means, you are going to give permission to new industries for penicillin manufacture before discussing with the Chairman of the IPCL. They have got the capacity, they say.

SHRI R. K. JAICHANDRA SINGH: On public sector, this is one thing.

Then, Madam, the Hathi Committee has suggested setting up a National Drug Authority. I am trying to impress upon the hon. Members of this House, through you, Madam, that these new measures with which we have come out have, in fact, incorporated many of the provisions which are implementable, according to us, from the Hathi Committee. About setting up of the National Drug Authority, I would not go into the details. This will be a very important landmark in the country.

We are having interaction with the Health Ministry because there are overlapping jurisdictions between this Ministry and that Ministry. With many of the points that many of the hon. Members have raised like irrational drug, I fully agree. One hon. Member raised about harmful drug, irrational drug. Madam, this does not pertain to this Ministry. It pertains to the Health Ministry. Therefore, we are having an interaction.

SHRI VISHVJIT PRITHVIJIT SINGH: It was the hon. Minister who raised that issue. Therefore, I said.

SHRI R. K. JAICHANDRA SINGH: We are having an interaction with the Health Ministry, and the hon. Minister is very much aware because I have written to him, I mean, rather he has been addressed by the I. M. himself on this particular point, because I have got a copy of the long note written to him. We are

[Shri R. K. Jaichandra Singh]

having an interaction. And this new measure has also suggested a coordination committee to be set up at the Secretary's level. That means, the Secretary of my Department and the Secretary or the Additional Secretary concerned of the Health Ministry would be having a committee to discuss these overlapping matters because Government must act as one. There are delays in this. Therefore, the setting up of the National Drug Authority which we have included, is one of the most important recommendation of the Hathi Committee, and we have incorporated this.

About the development of the drug industry in the Indian sector, madam, it is heartening to say that the Indian drug industry has grown over the last 20 years, particularly in our country almost vertically. In fact, it is heartening to note that our industry today is able to stand on its own legs. It is because of the policies that we have adopted before. But 1978 is not 1986, or the other way round 1986 is not 1978. What was relevant in 1986 or in 1974 or what was relevant before, cannot be surely, to the same extent as at that particularly point of time, relevant today. That is why, we have made out, we have come out with some deviations, we have come out with some measures. It is only to that extent that the earlier policy stands amended. But many of the points which we have not mentioned in these new measures, which we have mentioned in the earlier policy, stand. Therefore, I said at the very beginning that it is not a new policy because the old policy stands. But to the extent we have come out with these new measures, yes, it stands amended.

Then, these are, Madam, some of the points which were mentioned in the Hathi Committee Report. Therefore, it is erroneous and wrong to say that this new policy is a deviation from the Hathi Committee Report. In fact, it is more of an emphasis on that.

Then, Mr. Swaminathan, of course, complimented Government on various points, and I need not go into the details because he has not raised any controversial point. But, perhaps, the point on the multinational companies raised by Mr. Swaminathan and also by some of the other hon. Members, I would elucidate a little bit. Yes, there may come a time for the Government to decide as to what will be the percentage of dilution of the multi-national companies. But that is a bigger question which this Department or the Ministry alone will not be able to deal. I share the anxiety, on why should be give more or in fact any protection to the multi-national companies or even to those multi-national companies whose foreign equity is brought down to 40 or less than 40. But this is something to be taken up at a much bigger level, because it is not that this Department or the Ministry alone is having a multi-national companies. Even other departments have. So, the Government as a whole must take a conscious decision. I have addressed this to the hon. Members on various occassions that this is something which really is attracting the mind of the Government and may be a time will come when we will have to deliberate upon it and take a conscious decision. But till such time we cannot differentiate. That is why we have come. Because the multi-national companies with 40 or less in drugs same as multi-national company in other industries may be in the energy sector or in any other sector, we have not differentiated.

Mr. Jagesh Desai has mentioned about de-licensing. In fact, another hon. Member, Mr. Vishvjit Prithvijit Singh also mentioned about de-licensing. I have assured him that the criteria which we have fixed in the new measures will be the guidelines for the future delicensing. But the question whether or not we should review 94 or 95—I do not exactly remember the figure—earlier de-licensed items as per the new criteria laid down, this is the matter which is receiving Government's attention. We have not taken

a decision on this. We wanted to wait for some time for the earlier de-licensed items to take their ground. Maybe there may come a time where we may have to review the whole thing, but at the present moment as of now, we do not have this. But I am aware of the problems and I fully agree with the concern expressed by the hon. Member. Maybe we may have to look into it sooner than later.

On polio vaccines I don't think I will have to go into details, but I have something to say why we have taken this out from the public sector. I have done so because we need millions and millions of these vaccines. None of these is being produced in our country. It is not that the Government does not want to protect the public sector. True the public sector is a very important sector and the Prime Minister said so on many occasions. Even the Government has come out saying that we shall continue to protect. In fact, in the other House the PM has mentioned that a huge amount of money has been spent on public sector, much more than what has been spent in the proceding years. So, that shows the intention of the Government that the public sector is being paid attention to.

The hon. Members have mentioned about the WHO list. The WHO list is available and we have passed this list down to the Kelkar Committee, the Committee headed by the BCIP Chairman to draw up the list of category 2, list of essential drugs. They will be examining this. The WHO list will be one of the basis which they will be relying on.

On irrational drugs and harmful drugs, I have shared my thoughts. In fact, we have taken this up with the Health Ministry. They have already set up a cell in this regard.

Then on PMP, one of the hon. Members, may be Mr. Vishvjit Prithvijit Singh, has referred as to when we will be able to give this report. The PMP Committee which is being headed by Mr. Ramaswamy, the Deputy Director-General of DGTD will be able to give its report within the next 30 days.

SHRI VISHVJIT PRITHVIJIT SINGH: Madam, what about.....

THE DEPUTY CHAIRMAN: Now the House stands adjourned till 11.00 A.M. tomorrow.

The House then adjourned at forty-six minutes past seven of the clock, till eleven of the clock, on Friday, the 24th April, 1987.